

**Schedule 5(b)**

**Form of Election Notice for Certain Bondholders with Respect to Claims in Classes 3 and 7**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO et al.,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE PUERTO RICO HIGHWAYS AND  
TRANSPORTATION AUTHORITY,

Debtor.

PROMESA

Title III

No. 17 BK 3567-LTS

**ELECTION NOTICE  
FOR CERTAIN ASSURED INSURED BONDHOLDERS WITH CLAIMS IN  
[CLASS 3 / 7]**

This Assured Bondholder Election Notice (the “Notice”) is being sent to certain beneficial holders of [HTA 68 Bond Claims (Assured), HTA 98 Senior Bond Claims (Assured)], identified on

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

**Exhibit A** to this Notice, arising on account of Assured Insured Bonds, the scheduled repayment of which has been insured by Assured Guaranty Corp. or Assured Guaranty Municipal Corp. (collectively, “Assured”) in accordance with the terms of the Assured Insurance Policies. These securities give rise to Claims in [Class 3 / 7] of the *Third Amended Title III Plan of Adjustment of the Puerto Rico Highways and Transportation Authority* (as the same may be updated, supplemented, amended and/or otherwise modified from time to time, the “Plan”).<sup>2</sup>

Although Assured has the right to cast the vote on account of Claims arising from Assured Insured Bonds to accept or reject the Plan, the holders of the Assured Insured Bonds identified on **Exhibit A** are entitled to elect their form of distribution under the Plan.

Specifically, each such beneficial holder may elect one of the following two Assured Bondholder Elections, in each case on terms acceptable to Assured:

Assured Bondholder Election 1: On the HTA Effective Date, you will receive from Assured the applicable Assured Acceleration Price equal to the outstanding principal amount of the Assured Insured Bonds held by you, plus the accrued and unpaid interest thereon (or, in the case of capital appreciation bonds, the compounded amount thereof) as of the date of payment, in full satisfaction and discharge of Assured’s obligations with respect to you under the applicable Assured Insurance Policies, and Assured shall receive the Assured Plan Consideration<sup>3</sup> allocable to you under the Plan; or

Assured Bondholder Election 2: You will opt into a custodial trust structure established by Assured that will provide you with an interest in (A) the applicable Assured Insurance Policy and (B) the applicable Assured Plan Consideration in accordance with terms acceptable to Assured.

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<sup>2</sup> Unless otherwise defined herein, each capitalized term used herein shall have the meaning given to it in the Plan.

<sup>3</sup> The Plan defines “Assured Plan Consideration” as the “consideration allocable or distributable to holders of Allowed Assured Insured Bond Claims, consisting of (a) in the case of Assured Insured Bonds that are HTA 68 Bonds or HTA 98 Senior Bonds, but not Dual-Insured Bonds, (i) New HTA Bonds and/or (ii) in the event of an election by the Commonwealth and/or HTA to substitute Cash for the issuance of New HTA Bonds on the HTA Effective Date, Cash resulting from such election by the Commonwealth and/or HTA to substitute Cash for the New HTA Bonds on the HTA Effective Date, (b) in the case of Dual-Insured Bonds, FGIC Certificates, and (c) in the case of Assured Insured Bonds that are HTA 98 Sub Bonds, subject to the terms and provisions of the Commonwealth Plan and the Commonwealth Confirmation Order, any HTA 98 Sub Bond Recovery allocable to the related HTA 98 Sub Bond Claims (Assured); provided, however, that, for the avoidance of doubt, no Cash, securities, or other consideration that Assured is entitled to receive pursuant to Article LXIII of the Commonwealth Plan or decretal paragraph 52 of the Commonwealth Confirmation Order shall constitute Assured Plan Consideration.”

Pursuant to the terms and provisions of Section 26.1(c) of the Plan, the payment of the principal of the Assured Insured Bonds shall be accelerated from and after the HTA Effective Date, and such Assured Insured Bonds shall be due and payable from and after the HTA Effective Date at the Assured Acceleration Price of one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon (or, in the case of any capital appreciation bonds, the compounded amount thereof) to the date of payment. Without limiting the foregoing, pursuant to the applicable Assured Insurance Policies, (A) Assured may elect, in its sole and absolute discretion, to make any principal payment, in whole or in part, on any date on which such principal payment is due by reason of acceleration or other advancement of maturity, and (B) in the case of any Assured Insured Bonds the holders of which have elected (or are deemed to have elected) Assured Bondholder Election 2, Assured will retain the right to pay the Assured Acceleration Price and fully satisfy its obligations with respect to such bonds and the applicable Assured Insurance Policies at any time after the HTA Effective Date upon thirty (30) days' prior written notice to the relevant holders. Assured's retention of this right will be reflected in the applicable custodial trust documentation. Assured makes no representations, warranties, or guarantees, and disclaims any liability, with respect to the tax treatment of any custodial trust structure established in connection with Assured Bondholder Election 2, any payments made in connection with such a custodial trust structure, or any securities or other property held in such a trust structure, or issued in connection therewith.

From and after payment of the Assured Acceleration Price, including without limitation, on (i) the HTA Effective Date or (ii) such other date of payment selected by Assured, with thirty (30) days' prior written notice, interest on such Assured Insured Bonds shall cease to accrue and be payable.

Payment of the applicable Assured Acceleration Price with respect to any Assured Insured Bond in accordance with any of the provisions above, including, without limitation, on the HTA Effective Date, shall satisfy and discharge all of Assured's obligations under the Assured Insurance Policies with respect to such Assured Insured Bond.

Promptly following receipt thereof by the trustee for a custodial trust structure, and subject to any deductions provided for in the applicable custodial trust documentation, the trustee shall be required to and shall distribute, on a pro rata "pass-through" basis to the applicable Assured Insured Bondholders electing Assured Bondholder Election 2, all income of the custodial trust. This prompt "pass-through" of income, and the resulting simultaneous reduction of the accrued and unpaid interest on, principal amount of, and/or compounded amount of the Assured Insured Bonds may result in Assured Insured Bondholders receiving payments on account of such interest, principal, or compounded amount prior to the originally scheduled interest payment dates, originally scheduled principal payment dates, and/or maturity dates of the Assured Insured Bonds. As a result of any such prepayment(s) of interest, principal, or compounded amount, Assured Insured Bondholders may need to reinvest funds at a lower interest rate than that provided for under the Assured Insured Bonds. Any reinvestment risk will be borne exclusively by such Assured Insured Bondholders.

*If you fail to make an election, you will be deemed to have elected Assured Bondholder Election 2.*

*You are encouraged to review the entire Disclosure Statement and the Plan before making an Assured Bondholder Election.*

**Please take notice that you are not able to vote to accept or reject the Plan and will not receive separate voting instructions for such purpose. Pursuant to the Disclosure Statement Order, Assured is entitled to vote to accept or reject the Plan on account of [HTA 68 Bond Claims (Assured), HTA 98 Senior Bond Claims (Assured)].**

**IF YOU WISH TO RECEIVE YOUR DISTRIBUTION UNDER ASSURED BONDHOLDER ELECTION 2, YOU DO NOT NEED TO TAKE ANY FURTHER ACTION.**

**Each holder of Assured Insured Bonds described on Exhibit A attached hereto that wishes to make Assured Bondholder Election 1 must submit a valid election in the manner described herein.**

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**How to Submit a Valid Assured Bondholder Election**

If you wish to elect to receive your distribution under the Plan pursuant to Assured Bondholder Election 1, you must instruct your broker or nominee (each, a “Nominee”) to electronically deliver your Assured Insured Bonds via the Automated Tender Offer Program (“ATOP”) at The Depository Trust Company (“DTC”), which will constitute an election via DTC’s ATOP system to receive your distribution under Assured Bondholder Election 1.

No paperwork is required to be delivered to Kroll to effectuate the election. The sole means of effectuating this election is to (i) validly tender your Assured Insured Bonds into the proper ATOP envelope at DTC, and (ii) make the election to receive distributions under Assured Bondholder Election 1, as described on DTC’s ATOP system.

**THE ASSURED BONDHOLDER ELECTION DEADLINE IS  
5:00 P.M. (ATLANTIC STANDARD TIME) ON JULY 27, 2022.**

This date and time is referred to as the “Election Deadline.”

**PLEASE TAKE NOTICE THAT IF YOU TENDER YOUR ASSURED INSURED BONDS THROUGH ATOP, YOU WILL BE RESTRICTED FROM TRANSFERRING YOUR ASSURED INSURED BONDS FROM THE ELECTION DEADLINE UNTIL THE EFFECTIVE DATE OF THE PLAN. IF YOU DESIRE TO RETAIN THE ABILITY TO TRADE OR TRANSFER YOUR ASSURED INSURED BONDS PRIOR TO THE EFFECTIVE DATE, THEN YOU SHOULD NOT TENDER YOUR EXISTING ASSURED INSURED BONDS THROUGH ATOP.**

**YOU MAY, HOWEVER, REVOKE YOUR ELECTION AT ANY TIME BEFORE THE ELECTION DEADLINE AND WITHDRAW ANY TENDERED ASSURED INSURED BONDS.**

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**How to Revoke a Valid Assured Bondholder Election**

You may revoke an election to receive distributions under Assured Bondholder Election 1 and withdraw your Assured Insured Bonds tendered through DTC's ATOP at any time before the Election Deadline.

If you wish to revoke your election, you must instruct your Nominee to revoke your election and withdraw your Assured Insured Bonds via ATOP at DTC (which withdrawal will be confirmed by Kroll once notified by DTC of the withdrawal request). No paperwork is required to be delivered to Kroll to effectuate the revocation of the election.

If you revoke your election at any time before the Election Deadline, you may renew your election to receive your distribution under Assured Bondholder Election 1 at any time before the Election Deadline, in accordance with the instructions to submit a valid election above.

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If you have any questions about your holdings, please contact your Nominee. Additionally, you must contact your Nominee to take any action described above.

IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT THE BALLOTING AGENT, KROLL RESTRUCTURING ADMINISTRATION LLC ("KROLL")<sup>4</sup> BY TELEPHONE AT (844) 822-9231 (TOLL FREE FOR U.S. AND PUERTO RICO) OR (646) 486-7944 (FOR INTERNATIONAL CALLERS), AVAILABLE 10:00 A.M. TO 7:00 P.M. (ATLANTIC STANDARD TIME) (SPANISH AVAILABLE), OR BY EMAIL AT PUERTORICOINFO@PRIMECLERK.COM AND REFERENCE "ASSURED DISTRIBUTION ELECTION" IN THE SUBJECT LINE. PLEASE NOTE THAT KROLL IS NOT AUTHORIZED TO PROVIDE, AND WILL NOT PROVIDE, LEGAL ADVICE.

All questions as to the validity, form, and eligibility (including time of receipt) of your election will be determined by the Oversight Board, whose determination shall be final and binding on all parties. The Oversight Board and Assured reserve the absolute right to reject any or all elections that are not in proper form or the acceptance of which would, in its legal counsel's opinion, be unlawful. The Oversight Board and Assured also reserve the right to waive any defects, irregularities or conditions as to an election. A waiver of any defect or irregularity in one instance shall not constitute a waiver of the same or any other defect or irregularity with respect to any

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<sup>4</sup> On March 29, 2022, Prime Clerk LLC changed its name to Kroll Restructuring Administration LLC.

other instance except to the extent the Oversight Board may otherwise so provide. An election shall not be deemed to have been made until any defects or irregularities have been waived by us or cured. None of the Oversight Board, Assured or the Balloting Agent, nor any other person will be under any duty to give notification of any defect or irregularity in this election, or will incur any liability to you for failure to give any such notification.

This Notice is subject in all respects to the terms of the Plan.

Exhibit A

Description	CUSIP